

DARRINGTON SCHOOL DISTRICT No. 330
Snohomish County, Washington
September 1, 1993 Through August 31, 1994

Schedule Of Findings

1. District Officials Should Improve Controls Over Cash Receipting And Associated Student Body (ASB) Fund Raising Activities

As discussed in our 1993 audit, Report No. 56153, we reviewed administrative and accounting controls governing the handling of cash receipts for all district funds at the various school sites and at the district's administrative office. We also performed a review of ASB Fund activities. Our examination revealed the following control weaknesses which are explained in items a. through d.:

Washington Administrative Code 392-123-010 states that the Accounting Manual for Public School Districts of the State of Washington shall govern the accounting procedures of each school district.

The Accounting Manual details the following requirements:

- a. Chapter III, section G-1, page 3, Separation of Duties.
- b. Chapter III, section G-3, page 1, Cash Receipts.
- c. Chapter III, section G-5, page 1-2, Inventory.
- d. Chapter III, section G-3, page 1, Timely Deposits.

a. Separation of Duties

The person who writes receipts also makes the deposits and performs the bank reconciliations. One person performs these functions for the district's administrative office, while one person at each school site performs similar duties. By not segregating the duties of cash receipting, depositing, and the reconciliation of bank accounts, management cannot ensure that all money is receipted and deposited intact.

We again recommend that district management assign a second person at each of these locations to balance receipts with deposits and review bank reconciliations.

b. Cash Receipts

Mode of payment is not recorded on receipts to indicate whether cash or checks are received. Without an indication of mode of payment, management cannot be sure that all money received is being deposited with the bank intact.

Also, WAC 392-138-035 states in part:

. . . All associated student body moneys, upon receipt, shall be transmitted intact to the district depository bank and then to the

county treasurer

We again recommend that ASB staff members indicate mode of payment on each receipt, and that the ASB treasurer reconcile receipts to the bank deposit by mode of payment.

When money is brought to the ASB treasurer by one of the clubs, the money is left for the treasurer to verify. When a discrepancy exists, the treasurer will notify the club and receipt in the amount verified.

We recommend that the money be counted in the presence of the student who brings in the money and reconciled back to the receipt. Both people present should sign the ASB receipt.

c. Inventory

Inventory control for ASB fund raisers, soft drink sales, and school store need improvement. Periodic inventory counts of merchandise on hand are not being taken. The expected revenue for each activity is not being calculated to determine the retail value of these goods sold so it can be compared to the actual revenue received. Without this reconciliation district management cannot be sure that all moneys are being collected and deposited.

We again recommend that appropriate staff members periodically count inventory on hand. These amounts together with the amount of goods purchased can be used to prepare a reconciliation of actual versus expected cash receipts.

d. Timely Deposits

Our review of the cash receipts and deposit procedures at the administrative office disclosed that deposits were being made on a monthly basis.

We again recommend that deposits be made at least weekly.